M&G Charity Multi Asset Fund
Sterling Class – Accumulation units

Monthly Fund Review as at 31 March 2020

For investment professionals only

M&G INVESTMENTS

Highlights

- Equity positions were the main source of loss during March as global markets saw sharp declines.
- The fund responded to signs of panic in markets by adding to equity exposure and reducing cash and fixed income positions.
- Such periods of volatility can be a source of opportunity for long-term investors.

The main risks associated with this fund

For any past performance shown, please note that past performance is not a guide to future performance.
The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
The fund invests in other funds, which are subject to the risks associated with the type of assets held in those funds.
Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
In exceptional circumstances where assets cannot be fairly valued, or have to be sold at a large discount to raise cash, we may temporarily suspend the fund in the best interest of all investors.
Further risk factors that apply to the fund can be found in the fund's Key Investor Information Document (KIID).

Single year performance (5 years)

	2019	2018	2017	2016	2015
Sterling Accumulation	-	-	-	-	-
Benchmark	-	-	-	-	-
IA Mixed Investment 40-85% Shares	-	-	-	-	-

Performance since launch

There is insufficient information available to provide a useful indication of past performance. Past performance information will be shown when the share class has been in existence for a year.

Fund performance

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%) p.a.	5 years (%) p.a.
Sterling Accumulation	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-
IA Mixed Investment 40-85% Shares	-	-	-	-	-	-

Past performance is not a guide to future performance.

Performance comparison: The benchmark is a target which the fund seeks to outperform. The composite index has been chosen as it best reflects the scope of the fund's investment policy and is used solely to measure the fund's performance. The target yield has been chosen as it is an achievable target given the fund's investment policy. The benchmark and target yield do not constrain the fund's portfolio construction.
The fund is actively managed. The fund manager has freedom in choosing which assets to buy, hold and sell in the fund within the constraints set by the objective and investment policy. The fund's holdings may deviate significantly from the benchmark's constituents.

Source: Morningstar, Inc and M&G, as at 31 March 2020. Returns are calculated on a price to price basis with income reinvested.
Benchmark returns stated in GBP terms.

Key information

Fund manager	Tristan Hanson
Fund manager tenure from	15 November 2019
Deputy fund manager	Stuart Canning
ISIN	GB00BK1KFR05
Launch date of fund	15 November 2019
Fund size (millions)	£ 150.87
Benchmark	45% FTSE All-share Index, 30% MSCI ACWI (ex UK) Index, 12.5% ICE BoAML 1-15 Gilt Index, 12.5% ICE BoAML 1-15 Non-Gilt Index
Benchmark type	Target
Sector	IA Mixed Investment 40-85% Shares sector
Number of holdings	9
Average credit rating	BBB+
Modified duration (years)	0.84
VaR	17.78%

Charges

Maximum entry charge	0.00%
Ongoing charge	0.50%

Quarterly income (%)

	Rate	Payment dates
Interim	0.80p	03/02/2020

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Country breakdown (%)

	Fund
UK	51.3
US	15.3
Canada	3.6
Hong Kong	2.9
Switzerland	2.7
France	2.7
Japan	1.8
Australia	1.5
Other	15.1
Cash	3.2

Largest exposures (excl. cash, %)

	Fund
Charifund	34.0
M&G Dividend Fund	20.6
M&G Global Dividend Fund	19.5
M&G Emerging Markets Bond Fund	5.4
M&G Episode Income I	5.2
M&G Global Listed Infrastructure Fund	5.2
M&G Charibond Charities Fixed Interest Fund	4.6
M&G Global Select Fund	3.2
Positive Impact Fund	2.1

Capitalisation breakdown (%)

	Fund
Mega cap (> $50bn)	42.8
Large cap ($10 - $50bn)	21.3
Mid cap ($2 - $10bn)	16.6
Small cap (< $2bn)	16.0
Cash	3.2

Currency breakdown (%)

	Fund
British pound	59.0
US dollar	21.3
Euro	5.7
Swiss franc	2.6
Canadian dollar	2.5
Japanese yen	1.8
Danish krone	1.3
Australian dollar	1.3
Hong Kong dollar	0.8
Other	3.7

Commentary

Amidst extreme volatility in March most global equity markets were down sharply while returns from government bonds were mixed. Concerns over the implications of the coronavirus and responses by governments around the world were the initial drivers of moves, although in many cases it seemed that short-term panic, a desire for liquidity at any cost and some forced selling were also key motivating forces.

Against this background the fund's equity positions were the main source of negative return, and in particular large holdings in Charifund and the M&G Dividend Fund. The greater weighting of small and mid-sized companies within these portfolios, as well as the challenge to income-oriented holdings against a backdrop of widespread dividend cuts proved detrimental.

There were also notable losses within equity from exposures to the M&G Global Dividend and M&G Global Listed Infrastructure funds.

Within fixed income, there was weakness from exposure to the M&G Emerging Market Bond Fund. Declines in emerging market bonds and currencies were in part a reflection of the generic weakness in assets perceived as risky, although many parts of the emerging world were also challenged by a rapid decline in oil prices. Falling demand and a lack of agreement to constrain supply among producers lay behind pronounced oil price weakness in the month.

Exposure to the M&G Charibond fund proved more resilient. This fund had moved to a more defensive positioning going into the month, while falling gilt yields – which resulted in higher bond prices – also provided some support to fixed income assets in the UK. However, the position did deliver a negative return overall.

Key changes

In response to the heightened volatility, we made significant changes to the portfolio during the month.

The approach of the fund is to seek to identify instances when periods of stress in markets can create opportunities for longer-term investors and, with real signs of panic in March, the fund manager increased equity exposure and reduced exposure to M&G Charibond and cash.

New equity capital was deployed via the M&G Global Select and M&G Positive Impact funds (with 3% of the fund in the former and 2% in the latter). These funds have a bias towards companies with strong balance sheets, which should be better placed to withstand variations in global growth conditions. The M&G Positive Impact Fund is also designed to invest in companies offering solutions to global social and environmental challenges. Amidst the rapid selloffs in March, the manager's view was that prevailing valuations represented an attractive entry point for such exposures.

The impact of these changes has been to take total levels of equity exposure in the fund from just under 80% to around 85%, and to reduce cash and fixed income exposures to around 3.5% and 11.5% respectively.

In the period ahead we are certain to see very weak economic and profits data. However, for investors the key considerations are: a) to what extent are the temporary effects of the coronavirus likely to affect the longer-term prospects for countries, consumers, and companies; and b) whether the price moves we have seen in March represent a fair reflection of risks, or an overly pessimistic response to short-term panic.

In our view, the speed of March's moves does reflect panic, and therefore an opportunity for the fund. This may entail tolerating some additional volatility in the short term, but the rewards for doing so in such phases are typically compelling.

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Fund codes and charges

Unit class	ISIN	Bloomberg	Currency	Ongoing charge	Historic yield	Minimum initial investment	Minimum top up investment
Sterling Acc	GB00BK1KFR05	N/A	GBP	0.50%*	-	1 unit	1 unit
Sterling Inc	GB00BK1KFQ97	N/A	GBP	0.50%*	-	1 unit	1 unit

Any ongoing charge figure with * indicates an estimate. The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Annual Charge which may be discounted depending on the size of the fund. For further details, please see the fund's Key Investor Information Document (KIID). The fund's annual report for each financial year will include details on the exact charges made.
Please go to www.mandg.co.uk/literature to view the Costs and charges illustration which contains information on the costs and charges applicable to your chosen fund and share class.
Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Important information

This fund launched on 15 November 2019 following the conversion of the National Association of Almshouses Common Investment Fund from a Common Investment Fund (CIF) into a Charity Authorised Investment Fund (CAIF). The CAIF applies the same investment strategy as the CIF.

The M&G Charity Multi Asset Fund is a stand alone OEIC.

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